

THE  
**Leaf Arnold**  
SYSTEM OF REAL ESTATE INVESTING



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**MASTER SHORT  
SALE SPECIALIST**

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## **Legal Information Is Not the Same as Legal Advice**

This booklet provides information about real estate investing; private money borrowing, lending, and / or brokering; and is designed to help users safely determine their own legal needs. Please understand that legal information is not the same as legal advice. The application of law varies with an individual's specific circumstances. Laws vary from state to state and are in constant change, and although we do everything we can to make sure our information is accurate and useful, we recommend you consult a lawyer if you want professional assurance that this information, and your interpretation of it, is appropriate to your particular situation.

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*"Sales are contingent upon the attitude of the salesman –  
not the attitude of the prospect."  
- W. Clement Stone*

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*"Treat objections as requests for further information."  
- Brian Tracy*

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*"Nothing ever comes to one that is worth having,  
except as a result of HARD WORK."  
- Booker T. Washington*

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*"The story is the heart of the sale."  
- Matthew Pollard*

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# PULLING THE LIST

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# PULLING THE LIST!

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## NOD & Lis Pendens

A **Notice of Default (NOD)** form is filed at the county clerk's office in a non-judicial state and a **Lis Pendens** form is filed in a judicial state at the county courthouse. These documents serve as an official notice that the lien holder on the property has initiated the foreclosure. They are both public records signaling that the lender will foreclose on a lien if the owner does not make good on the debt. There are three popular ways to find a Notice of Default but not all these methods are recommended!

One of the keys to success at working short sale deals is to be the first foreclosure/short sale specialist to contact the homeowner after the NOD or Lis Pendens has been filed. Speed is of the essence! Homeowners who are in default are looking for solutions. The first one to present a viable solution to the homeowner in a manner that communicates care and concern for their wellbeing wins! For this reason, the first two methods below of acquiring pre-foreclosure leads are discouraged.

### **1. Third Party Services – *(Not recommended)***

There are many online pre-foreclosure website and list services you can subscribe to for a fee. These services will provide you with the needed information and make it more convenient for you to find. The downside of using these services is the lag time involved between when the notice is filed and when the service picks up the information. Depending on the company, there can be between a 3-day to two-week lag in the information getting to you. When speed is of the essence, this can take you out of the game!

### **2. Visit Your County Records Office or County Court House**

Both the NOD and Lis Pendens are public records. A trip to your local county office to submit a request for the appropriate information will get you the list you are looking for. You will need to make sure you specify that you are interested in the owner's name, the property address and any other information











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# FORECLOSURE TIMELINE

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# FORECLOSURE TIMELINE

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## Foreclosure Process

*(Visit [https://www.hud.gov/topics/avoiding\\_foreclosure/foreclosureprocess](https://www.hud.gov/topics/avoiding_foreclosure/foreclosureprocess) for more information on foreclosures and a link to specific foreclosure laws in your state.)*

The foreclosure process differs from state to state. Differences range from the notices that must be posted or mailed, redemption periods, and the scheduling and notices issued regarding the auctioning of the property. In the paragraphs that follow, you will find an outline of what to expect and how the process works along with a general foreclosure timeline.

In general, mortgage companies start foreclosure processes about 3-6 months after the first missed mortgage payment. Late fees are charged after 10-15 days, however, most mortgage companies recognize that homeowners may be facing short-term financial hardships. Delinquent homeowners that stay in contact with their lender will usually find that the lending institution is willing to work out some of the problems that they may be having. Unfortunately, all too often, delinquent homeowners are embarrassed about what is happening and do not speak with their lending institution until it is too late. After 30 days, the borrower is in default, and the foreclosure process begins to accelerate.

Three types of foreclosures may be initiated at the 30-day delinquent mark: judicial, power of sale and strict foreclosure. All types of foreclosure require public notices to be issued and all parties to be notified regarding the proceedings. Once properties are sold through an auction, the former homeowner will have a small amount of time to move out before the sheriff can issue an eviction.

**Judicial Foreclosure.** All states allow this type of foreclosure, and some require it. The lender files suit with the judicial system, and the borrower will receive a note in the mail demanding payment. The borrower then has only 30-days to respond with a payment in order to

## FORECLOSURE TIMELINE

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avoid foreclosure. If a payment is not made after a certain time period, the mortgage property is then sold through an auction to the highest bidder, carried out by a local court or sheriff's office.

**Power of Sale.** This type of foreclosure, also known as **statutory foreclosure or non-judicial foreclosure**, is allowed by many states if the mortgage includes a power of sale clause. After a homeowner has defaulted on mortgage payments, the lender sends out notices demanding payments. Once an established waiting period has passed, the mortgage company, rather than local courts or sheriff's office, carries out a public auction. Non-judicial foreclosure auctions are often more expedient, though they may be subject to judicial review to ensure the legality of the proceedings.

**Strict Foreclosure.** A small number of states allow this type of foreclosure. In strict foreclosure proceedings, the lender files a lawsuit on the homeowner that has defaulted. If the borrower cannot pay the mortgage within a specific timeline ordered by the court, the property goes directly back to the mortgage holder. Generally, strict foreclosures take place only when the debt amount is greater than the value of the property.

### **Foreclosure Timeline - *varies by state.***

The foreclosure process begins once a borrower misses his first payment.



### **First Missed Payment**

The mortgage lender will contact the homeowner by letter or phone to notify them that the payment has not been received and will ask for that payment to be remitted immediately.

# FORECLOSURE TIMELINE

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## **Second Missed Payment**

The mortgage lender is likely to call again to discuss why the owner has not made their payments.

## **Third Missed Payment**

After the third payment is missed, the homeowner will receive a letter from your lender stating the amount you are delinquent, and that you have 30 days to bring your mortgage current. This is called a "Demand Letter" or "Notice to Accelerate." If the homeowner does not pay the specified amount or make some type of arrangements by the given date, the lender may begin foreclosure proceedings. At this point, the owners still have time to work something out if they will talk with their lender. The bank will still consider some type of loan modification if the owner can show income that would support the new mortgage amount. They are unlikely to accept less than the total due without arrangements being made.

## **Fourth Missed Payment**

At the end of time allowed in the Demand or Notice to Accelerate Letter. When the 30 days ends, if the homeowner has not paid the full amount or worked out arrangements, he/she will be referred to the lender's attorney. The homeowner will incur all attorney fees as part of the delinquency.

## **Notice of Default (NOD) or Lis Pendens**

When the lender's attorney become involved a notice of default or Lis Pendens is filed at the county clerk's office or county courthouse depending on whether it is a non-judicial or judicial foreclosure. Now a public record has been created and the foreclosure proceeding are searchable. This now becomes a lead.

Once the NOD or Lis Pendens has been filed the process enters the first redemption phase. Typically, this last for 90 days. It is during this redemption phase that the investor needs to act to initiate the short sale of the property.



# FORECLOSURE TIMELINE

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### Notice of Sale

At the end of the redemption phase a **Notice of Sale** will be filed by the lender. This begins a 3-week period of public notice leading up to the auction.

### Sheriff's or Public Trustee's Sale

The lender's attorney will schedule a sale. This is the actual day of foreclosure. Up until the actual foreclosure sale takes place it is still possible for the owner or the owner's representative to negotiate with the lender.

### Redemption Period

After the sale date there may be a second redemption period depending on the type of foreclosure sale and depending on the state.

Important: All dates are estimated and vary according to the state in which the foreclosure is taking place.



# FORECLOSURE TIMELINE

Scotsman guide Media - <https://www.scotsmanguide.com/rsPopPrintCMS.aspx?id=49392140897&prTyp=3>

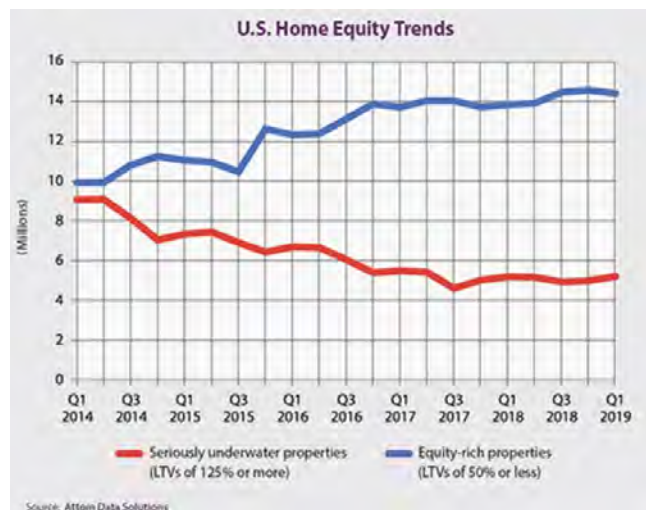
September 2019

## Keep Watch On The Fluctuating Trend Of Underwater Mortgages

By Todd Teta, chief product and technology officer, Attom Data Solutions

Underwater mortgages and what they signal have long been a concern for the real estate financing industry. Mortgage originators may wonder if home prices are slipping, more risky mortgages are being issued or whether refinance candidates are banking on price increases that may not come. Although the causes of underwater mortgages may vary from property to property, their overall trends bear watching.

At the end of first-quarter 2019, there were more than 5.2 million residential properties in the U.S. with seriously underwater mortgages, according to Attom Data Solutions' U.S. Home Equity and Underwater Report. We define a home as "seriously underwater" if the combined balance of loans secured by the property is at least 25% higher than the property's estimated market value (in other words, a loan-to value ratio of 125% or higher).



These 5.2 million homes represent 9.1% of all U.S. properties with a mortgage. Although this share is significantly lower than the post-recession peaks of 28%, it is an increase from the 8.8% of homes that were seriously underwater in fourth quarter 2018.

## FORECLOSURE TIMELINE

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Last year, home-price appreciation moved at a slower rate than in previous years, which means that fewer homeowners were able to make the move from being underwater to having equity. Despite this, 25.1% of properties in the U.S. were deemed “equity rich” by Attom’s report, which means the homeowner has at least 50% equity in the property.

Although this is down from a high of 26.4% seen in third-quarter 2017, a robust portion of property owners remain equity rich, especially when compared with shares of less than 20% seen in the years immediately after the recession. Equity-rich properties are down slightly year over year from the 25.3% seen in first-quarter 2018.

As is often the case with real estate, however, these numbers can highlight the stark differences in property values and mortgages from city to city and state to state. Cities in Louisiana, Ohio and Pennsylvania, for example, are facing serious issues with underwater mortgages.

In fact, out of the 99 metropolitan statistical areas analyzed in the report, the cities with the highest percentages of seriously underwater properties were Baton Rouge, Louisiana (21.3%); Scranton, Pennsylvania (20%); Youngstown, Ohio (19.2%); Toledo, Ohio (19.2%); and New Orleans (17.8%). With the exception of Louisiana, however, the negative-equity shares in these cities did not directly correlate with broader state numbers. The states with the highest shares of seriously underwater properties were Louisiana (20.7%), Mississippi (17.1%), Arkansas (16.3%), West Virginia (16.2%) and Illinois (16.2%).

On the other hand, cities in California, Washington and Hawaii are faring well and have some of the highest shares of equity-rich properties. Among the same 99 metropolitan statistical areas analyzed in the report, the markets that had the highest shares of equity-rich properties included San Jose, California (68.3%); San Francisco (58.4%); Los Angeles (48.1%); Honolulu (38.6%); and Seattle (37.3%). The results are similar when analyzing the states with the highest shares of equity-rich properties: California (43%), Hawaii (38.1%), New York (34.2%), Washington (33.2%) and Vermont (32.8%) make up the top five.

Unsurprisingly, these numbers reflect other issues in the U.S. real estate market. States with high amounts of home equity are the same states that boast some of the highest-priced real estate in the country. And states that have issues with underwater mortgages are the same states struggling with low home values and foreclosures. For now, there seems to be some balance in the national housing market but keeping an eye on these telling numbers will help mortgage originators better anticipate which way the market will turn.







# State Foreclosure Laws and Timelines - Quick Chart

Foreclosure is a legal process through which lenders reclaim properties from borrowers who can no longer afford to meet their monthly mortgage obligations. Home foreclosure laws and procedures vary from state-to-state. The foreclosure timeline can and often does change.

Below is a state foreclosure laws timeline that is designed to give you an overview of the process throughout the United States.

State	Judicial	Non-Judicial	Foreclosure Timeline	Redemption Period	Deficient Judgement	State Website Law Reference
Alabama	X	X	1 - 3 Mos.	Up to 12 Mos.	Yes (Judicial)	<a href="http://www.legislature.state.al.us/aliswww/default.aspx">http://www.legislature.state.al.us/aliswww/default.aspx</a>
Alaska	X	X	3 - 4 Mos.	None	Yes (Judicial)	<a href="http://w3.akleg.gov/index.php">http://w3.akleg.gov/index.php</a>
Arizona	X	X	3 - 4 Mos.	Up to 6 Mos.	Yes (Judicial)	<a href="https://www.azleg.gov">https://www.azleg.gov</a>
Arkansas	X	X	4 - 5 Mos.	Up to 12 Mos.	Yes	<a href="http://www.arkleg.state.ar.us/assembly/2019/2019R/Pages/Home.aspx">http://www.arkleg.state.ar.us/assembly/2019/2019R/Pages/Home.aspx</a>
California	X	X	3 - 5 Mos.	Not Likely	Yes (Judicial)	<a href="http://www.leginfo.ca.gov">http://www.leginfo.ca.gov</a>
Colorado	X	X	2 - 5 Mos.	None	Yes	<a href="https://www.colorado.gov">https://www.colorado.gov</a>
Connecticut	X		5 - 6 Mos.	Court Determined	Yes	<a href="https://www.cga.ct.gov/">https://www.cga.ct.gov/</a>
Delaware	X		3 - 7 Mos.	None	Yes	<a href="http://legis.delaware.gov/">http://legis.delaware.gov/</a>
District of Columbia		X	2 - 4 Mos.	None	Yes	<a href="https://dccouncil.us/legislation/">https://dccouncil.us/legislation/</a>
Florida	X		4 - 6 Mos.	Yes	Yes	<a href="http://www.flsenate.gov/Laws/Statures/">http://www.flsenate.gov/Laws/Statures/</a>
Georgia	X	X	2 - 3 Mos.	None	Yes	<a href="http://www.legis.ga.gov/en-US/default.aspx">http://www.legis.ga.gov/en-US/default.aspx</a>

# State Foreclosure Laws and Timelines - Quick Chart

Hawaii	X	X	3 - 4 Mos.	None	Yes	<a href="http://www.capitol.hawaii.gov">http://www.capitol.hawaii.gov</a>
Idaho	X	X	5 - 6 Mos.	None	Yes	<a href="https://legislature.idaho.gov">https://legislature.idaho.gov</a>
Illinois	X		7 - 10 Mos.	Yes 3 - 7 Mos.	Yes	<a href="http://www.ilga.gov">http://www.ilga.gov</a>
Indiana	X		5 - 7 Mos.	None	Yes	<a href="https://www.in.gov/core/">https://www.in.gov/core/</a>
Iowa	X	X	5 - 6 Mos.	12 Mos.	Yes	<a href="https://www.legis.iowa.gov">https://www.legis.iowa.gov</a>
Kansas	X		3 - 5 Mos.	Up to 12 Mos.	Yes	<a href="http://www.kslegislature.org/li/">http://www.kslegislature.org/li/</a>
Kentucky	X		5 - 6 Mos.	Up to 12 Mos.	Yes	<a href="https://legislature.ky.gov/Pages/index.aspx">https://legislature.ky.gov/Pages/index.aspx</a>
Louisiana	X		2 - 6 Mos.	None	Yes	<a href="http://www.legis.la.gov/legis/home.aspx">http://www.legis.la.gov/legis/home.aspx</a>
Maine	X		6 - 10 Mos.	90 Days	Yes	<a href="https://www.maine.gov/portal/index.html">https://www.maine.gov/portal/index.html</a>
Maryland	X		2 - 3 Mos.	Court Determined	Yes	<a href="http://mgaleg.maryland.gov/webmga/frm1st.aspx?tab=home">http://mgaleg.maryland.gov/webmga/frm1st.aspx?tab=home</a>
Massachusetts	X		3 - 4 Mos.	None	Yes	<a href="https://malegislature.gov">https://malegislature.gov</a>
Michigan		X	2 - 3 Mos.	Up to 12 Mos.	Yes	<a href="http://www.legislature.mi.gov/(S/1hw4nr5kmongebjndwq1t3dm))/mleg.aspx?page=home">http://www.legislature.mi.gov/(S/1hw4nr5kmongebjndwq1t3dm))/mleg.aspx?page=home</a>
Minnesota	X	X	2 - 3 Mos.	6 Mos.	Yes (Judicial)	<a href="https://www.leg.state.mn.us">https://www.leg.state.mn.us</a>
Mississippi	X	X	2 - 3 Mos.	None	Yes	<a href="https://www.legislature.ms.gov/Pages/default.aspx">https://www.legislature.ms.gov/Pages/default.aspx</a>
Missouri	X	X	2 - 3 Mos.	Up to 12 Mos.	Yes	<a href="http://revisor.mo.gov/main/Home.aspx">http://revisor.mo.gov/main/Home.aspx</a>
Montana	X	X	4 - 6 Mos.	12 Mos.	Yes (Judicial)	<a href="https://leg.mt.gov">https://leg.mt.gov</a>

# State Foreclosure Laws and Timelines - Quick Chart

Nebraska	X		5 - 6 Mos.	None	Yes	<a href="https://nebraskalegislature.gov">https://nebraskalegislature.gov</a>
Nevada	X	X	3 - 5 Mos.	None	Yes	<a href="https://www.leg.state.nv.us">https://www.leg.state.nv.us</a>
New Hampshire		X	2 - 3 Mos.	None	Yes	<a href="https://www.nh.gov/index.htm">https://www.nh.gov/index.htm</a>
New Jersey	X		3 - 10 Mos.	6 Mos.	Yes	<a href="https://www.njleg.state.nj.us">https://www.njleg.state.nj.us</a>
New Mexico	X		4 - 6 Mos.	9 Mos.	Yes	<a href="https://www.nmlegis.gov">https://www.nmlegis.gov</a>
New York	X		4 - 8 Mos.	None	Yes	<a href="https://nyassembly.gov">https://nyassembly.gov</a>
North Carolina	X	X	2 - 4 Mos.	10 Days	Yes (Judicial)	<a href="https://www.ncleg.gov">https://www.ncleg.gov</a>
North Dakota	X		3 - 5 Mos.	60 Days	No	<a href="https://www.nd.gov">https://www.nd.gov</a>
Ohio	X		5 - 7 Mos.	Until Confirmation	Yes	<a href="https://www.legislature.ohio.gov">https://www.legislature.ohio.gov</a>
Oklahoma	X	X	4 - 7 Mos.	Until Confirmation	Yes	<a href="http://www.oklegislature.gov">http://www.oklegislature.gov</a>
Oregon	X	X	4 - 6 Mos.	None	No	<a href="https://www.oregonlegislature.gov">https://www.oregonlegislature.gov</a>
Pennsylvania	X		3 - 9 Mos.	None	Yes	<a href="https://www.pacode.com">https://www.pacode.com</a>
Rhode Island	X	X	2 - 3 Mos.	Up to 3 Years	Yes	<a href="http://www.rilin.state.ri.us/Pages/Default.aspx">http://www.rilin.state.ri.us/Pages/Default.aspx</a>
South Carolina	X		4 - 7 Mos.	None	Yes	<a href="https://www.scstatehouse.gov">https://www.scstatehouse.gov</a>
South Dakota	X	X	6 - 9 Mos.	Up to 12 Mos.	Yes	<a href="http://sdlegislature.gov/">http://sdlegislature.gov/</a>
Tennessee		X	2 - 3 Mos.	Up to 2 Years	Yes	<a href="http://www.legislature.state.tn.us">http://www.legislature.state.tn.us</a>

# State Foreclosure Laws and Timelines - Quick Chart

Texas	X	X	2 - 3 Mos.	None	Yes	<a href="https://capitol.texas.gov">https://capitol.texas.gov</a>
Utah			4 - 5 Mos.	180 Days	Yes	<a href="https://le.utah.gov">https://le.utah.gov</a>
Vermont	X		7- 10 Mos.	Up to 6 Mos.	Yes	<a href="https://legislature.vermont.gov/">https://legislature.vermont.gov/</a>
Virginia	X	X	2 - 3 Mos.	None	Yes	<a href="http://leg1.state.va.us/">http://leg1.state.va.us/</a>
Washington	X	X	4 - 5 Mos.	8 or 12 mos. (Judicial)	Yes (Judicial)	<a href="http://leg.wa.gov/">http://leg.wa.gov/</a>
West Virginia		X	2 - 3 Mos.	None	Yes	<a href="http://www.wvlegislature.gov">http://www.wvlegislature.gov</a>
Wisconsin	X	X	6 - 10 Mos.	None	Yes	<a href="http://legis.wisconsin.gov/">http://legis.wisconsin.gov/</a>
Wyoming	X	X	2 - 3 Mos.	3 Mos.	Yes	<a href="https://www.wyoleg.gov">https://www.wyoleg.gov</a>



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# MARKETING - MAIL

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## MARKETING - MAIL

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### **RULE OF 56**

- **SEND TWENTY-FIVE (25) MARKETING PIECES A WEEK TO PROSPECTIVE PROPERTY SELLERS.**
- **MAKE TWENTY-FIVE (25) PHONE CALLS A WEEK TO PROSPECTIVE PROPERTY SELLERS IDENTIFIED THROUGH THE CURRICULUM.**
- **WRITE FOUR (4) OFFERS PER WEEK ON PROPERTIES THAT WHEN ACCEPTED WOULD BE A GOOD INVESTMENT OPPORTUNITY.**
- **CONDUCT TWO (2) NETWORKING APPOINTMENTS PER WEEK.**







## MARKETING - MAIL

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You will most likely use a script the first few times you do this. That is ok. Use a script until you get comfortable with it. Just remember, it is highly unlikely you will be closing the deal on the first call so relax, get to know the seller, find out as much information about him or her and about the property that you can and make sure you set an appointment for a follow-up call.



DO NOT be the chatty one in the conversation. You want to control the conversation but you must let the seller do most of the talking. Your job is to ask questions, a lot of questions! Get to know your seller. What is their motivation to sell? Build trust in the relationship. This takes time. Do not rush it.

### **Write 4 Offers**

This must be done weekly. All your offers should be written so that, when accepted, they will be a good investment opportunity for you. Do not worry about them not being accepted. Just write them!

If you are doing this correctly, the averages say only about 1 in ten offers that you write will be accepted. This does not mean that you will close on them, just that it will be accepted.

### **Conduct 2 Networking Appointments**

A networking appointment is any meeting that has the specific intent to grow or furthering your business. These appointments or meetings can be with individuals, small or large groups if the intent of the meeting is to grow your business. Schedule these meetings with realtors, title company representatives, or contractors. Attend REI Club meetings or the like. Better yet, be a presenter at your local real estate meeting or even start your own club!

Do not shortchange your business on this one. Far too many people plan appointments or go to meetings but talk about everything else but business. You must keep the main thing the main thing. When you plan a networking appointment make sure you ask the question, “How can we make money together?”



# MARKETING - MAIL

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## Rule of 56 Warning!



Being a real estate investor is a numbers game. If you are going to make money you must close deals. If you are going to close deals you must write offers. If you are going to write offers you must market to find properties to write offers. This being said, **DO NOT EVER STOP MARKETING!** When you stop the rule of 56 you put an end to making money.

If you struggle keeping up with the rule of 56 then you need to get some help. Do not be afraid to multiply your efforts by investing in an assistant. It is ok to find creative ways to compensate your new assistant. The bottom line is that if you cannot keep up with the rule of 56, get help. Do not just quit.

Make sure you are committed to multiple contacts. The system works if you committed to work the system. It will take multiple contacts to get the results you want. Marketing research tells us it takes an average of 6 touches to complete a sale. This means you will be sending multiple letters and making multiple phone calls to your marketing list.

Do not rush your negotiation. You should expect to take some time to reach a final agreement. Remember that the initial signed purchase and sales agreement is the start of the negotiation not the end of it!

## Sending The Mail



In your letter, be brief. The purpose of the letter is to get them to call you. By telling them exactly what you do and how you do it, you're educating them, but that won't necessarily get them intrigued. It's a bit of a teaser. Let them know what you can do for them and then ask them to call you. State your points clearly and concisely. Use bold

## MARKETING - MAIL

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font or bullet-point (or both) the reasons why you can help them.

Signing the letter adds a personal touch and putting their name at the top so they can see that it is clearly meant for them is also a good idea.

If you were in foreclosure and opened an envelope to find a letter which opened with “Dear Mr. and Mrs. Jones,” wouldn’t you be more likely to respond than if it said, “Dear Person in Foreclosure,” or “Dear Homeowner,”?

The message of the letter **MUST** match the market! In this class we are sending mail to homeowners who have received a foreclosure notice. The letter you send must be tailored to this situation. There are several choices of letters in your Short Sale back office on the membership site. Start here by selecting one of these letters and then editing it to fit your needs. Make sure you include **YOUR CONTACT** information in the letter. This will greatly increase your chances of a response!

The envelope, as we’ve already discussed, is the first introduction. It is their first impression of you, and we all know how important first impressions can be. It is important that it be designed to encourage them to open the letter. Many different things will work, and some things have more success in different areas. This is something you will have to determine through your market tests. Different colors of envelopes, different stamps (perhaps a flag works better than a heart or flowers), computer printed or typed envelopes vs. handwritten, return address or no return address, your company name or your personal name, all can influence whether your letter is opened and read or tossed in the wastebasket unopened. Your Short Sale back office contains a link that will allow you to purchase envelopes that look like this → → →.



### Mail Merge

When sending mail, it is extremely helpful to “Mail Merge” your spreadsheet into a word template. This allows you to print all your letters at once with customized names and information on the letter. Here are some tips to prepare your Excel spreadsheet for a mail merge. Make sure:

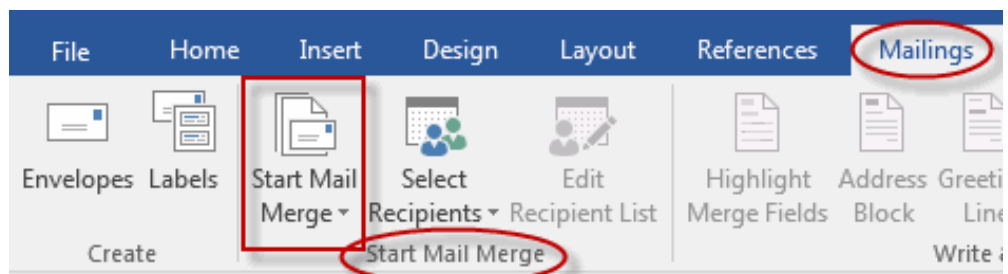
# MARKETING - MAIL

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- Column names in your spreadsheet match the field names you want to insert in your mail merge. For example, to address readers by their first name in your document, you'll need separate columns for first and last names in your spreadsheet.
- All data to be merged is present in the first sheet of your spreadsheet.
- Data entries with percentages, currencies, and postal codes are correctly formatted in the spreadsheet so that Word can properly read their values.
- The Excel spreadsheet to be used in the mail merge is stored on your local machine. It will not work well if the spreadsheet is on a cloud storage device.
- Changes or additions to your spreadsheet are completed before it's connected to your mail merge document in Word. If you find you have to make extensive changes to your spreadsheet, it is best to consider just throwing out your mail merge document and starting fresh with a new word template.

## Mail Merge Steps

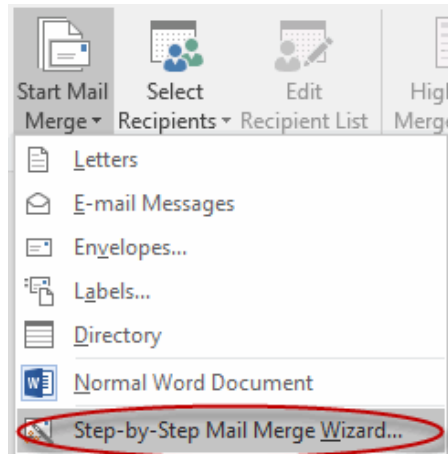
1. Create a letter to use as a template or select a letter you would like to use from the Lee Arnold System Membership Site, Short Sale back office. Make sure you are using a Microsoft Word document. At the top, click on the Mailings tab, and in the Start Mail Merge group, click Start Mail Merge.



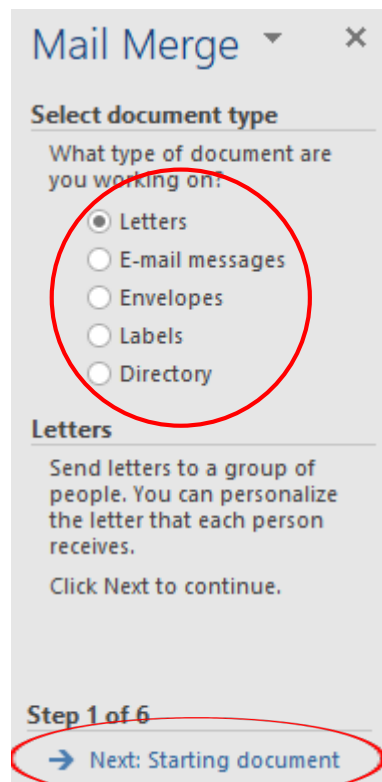
# MARKETING - MAIL

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2. Click Step-by-Step Mail Merge Wizard.



3. On the right-hand side select your document type. In this demo we will select Letters. Later, when printing the envelopes, you should select “envelops. Click “Next: Starting document” at the bottom of the sidebar.

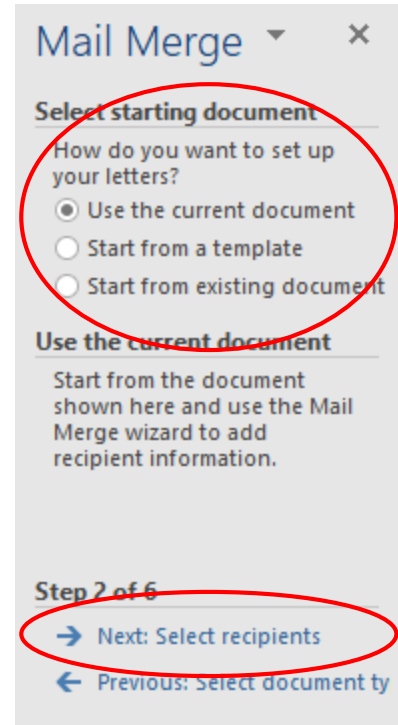


## MARKETING - MAIL

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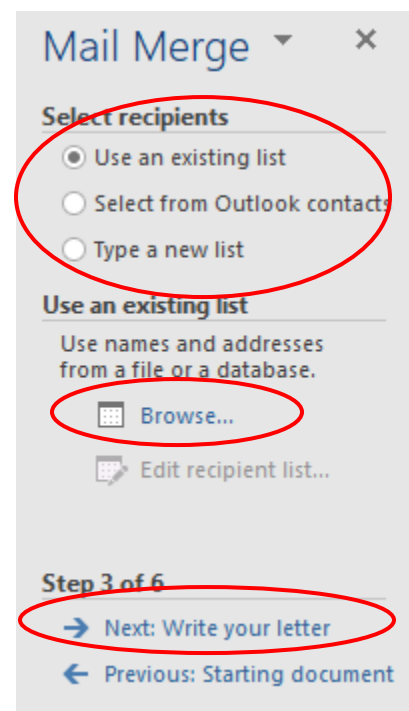
4. Now on the sidebar you will need to select the starting document. In this demo we will use the current document. Select “Use the current document” and then click “Next: Select recipients” at the bottom of the page.

- Note that selecting Start from existing document (which we are not doing in this demo) changes the view and gives you the option to choose your document. After you choose it, the Mail Merge Wizard reverts to Use the current document.



5. The next step is to select recipients. We will use the list you pulled from the county so select, “Use an existing list.”

- Now select the “Browse” option to find the list you pulled from the county on your computer. Select the appropriate list and edit as needed following the prompts provided by the Mail Merge Wizard. (note that it is usually easier to make sure you list is completely ready prior to this selection process.)
- Click, “Next: Write your letter” at the bottom of the page.

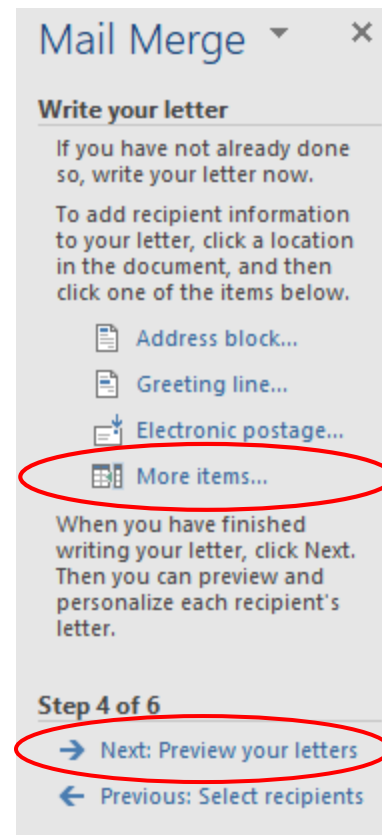
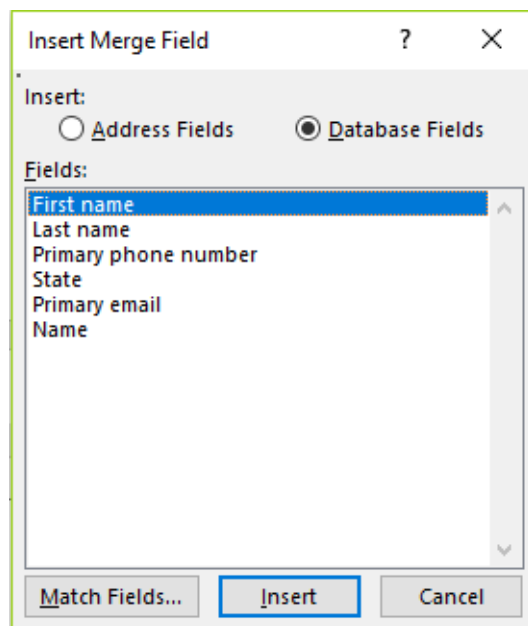


## MARKETING - MAIL

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6. Now it is time to insert the data base field titles from your spreadsheet list into your letter. Place the cursor in the location of the first point of insert, the location of the name of the owner, and click, “More items” on the sidebar.

  - Select the appropriate field from the pop-up menu then press the “Insert” button. Continue this process until you have entered all the fields you want into the letter.



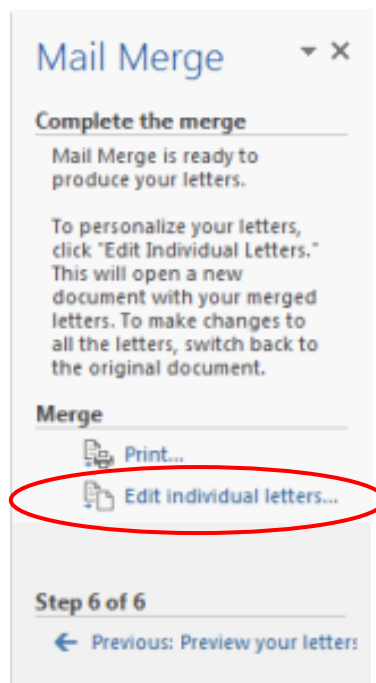
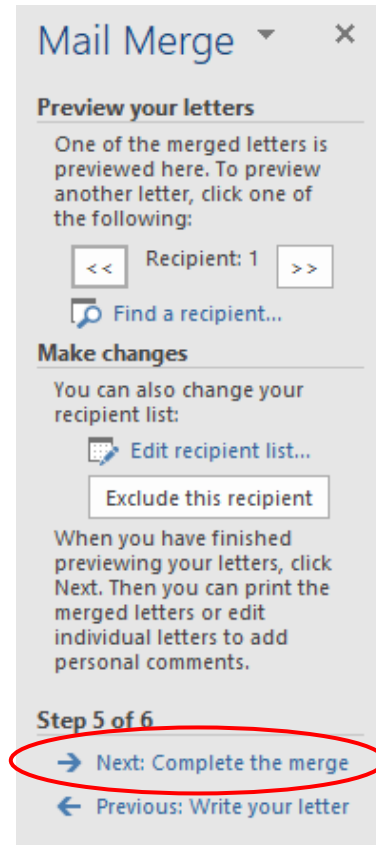
- Click, “Next: Preview your letter” at the bottom of the page.

## MARKETING - MAIL

- The Mail Merge Wizard will now show you the first merged letter using the information from the first line of the database. If you see any errors on the page, click, “Previous: Write your letter” at the bottom of the sidebar to go back and make changes. Continue this process until the letter is exactly like you want it.

- Now you can click, “Next: Complete the merge” at the bottom of the sidebar.

- Click the, “Edit individual letters.” The Mail Merge Wizard will now create one Word document containing all your letters. This file can be edited, saved, and printed as needed.











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# MAKING CALLS

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## MAKING CALLS

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### Dialing for Dollars

Talking with people is a critical part of being a real estate investor. Your success is dependent on your ability to effectively communicate to your prospects and convert them to clients. You must be able to engage them in conversation, assess their needs and offer ways that you can meet their needs. You are now in sales. You must learn to approach your prospects as a salesman would. You must sell yourself and sell what you have to offer to the prospect.

### Receiving Calls

When someone responds to your marketing letter do not make a quick, uneducated offer. This is the worst thing you can do. You cannot write a good offer before researching the underlying title of the property itself. You must know what is owed so that you will know how to structure the offer. We will talk more about this later.

The first thing you need to do when you answer a marketing response call is to get them talking. You want to assess their pain points. This is the purpose of the initial phone call. Why did they open the letter? Why did they send you an email? Why did they call you? Why did they choose to respond? There must be a reason. What is the pain point that prompted their response? Your first rules of phone solicitation are to identify the pain. Just like a doctor who runs test on you to assess pain points, you must assess the pain point of the caller.

At this stage in the game you are simply collecting information about their need so that you can formulate a way to meet that need later. Remember, it takes an average of 6



## MAKING CALLS

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touches to complete a sale. This is just touch number one! Let them talk. Ask some probing questions. Build rapport.

Early on verify their phone number - a great reason to have caller ID! If possible verify their other contact info as well before you ask for anything else. This is key for your follow up! Even if the call goes sideways and ends abruptly that does not mean this contact is dead. You can still follow up a month from now or 3 months from now if you have a working phone number. Having a working email address means you can continue to market to them through your CRM (more about this later) using your “drip system marketing” strategy. Keep things in perspective. Remember, 30 calls should lead to 10 qualified leads which should lead to 1 deal.

### Calling your List

*Remember that SendFuse will do the COLD CALLING for you!*

Make sure you have scheduled 60 to 90 minutes a day to call your list! It is great when prospects call you directly from your marketing piece, but you cannot wait on all of them to call. You must be proactive, pick up the phone and make all the calls you can.



The whole purpose of a mail campaign and out bound calls is to separate prospects and suspects. You want to eliminate bad numbers, time wasters, disconnects, tire kickers, looky-loos and those who say, “take me off of the list.” Eradicate all these people from your list who you cannot or do not want to continue a relationship with.

If you are concerned about the “Do not Call Registry,” don’t be. You are not a registered telemarketing company. This means you do not need to worry about purging your list via the “Do not Call Registry” prior to calling. There is a string of code in the law that says if you are an individual

## MAKING CALLS

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entrepreneur working and conducting business on behalf of yourself then all you need to do is stop calling people when they say take me off the list or if they mention they are on the “Do not Call List.” It is that simple, just take them off your list. The only time you need worry about the “Do not Call List” is if you start calling them after they have told you to take them off of your list or after they tell you they are on the “Do not Call List.” At this point you are in violation of the law.

Afraid of rejection? Don't be. Often what seems like rejection is not rejection at all. It is just a request for more information. It's your prospect saying, “I don't have enough information to make a decision right now. I need to know more.”

Don't let phone fear freak you out. Don't allow your mind to play the “what if” scenarios. You may feel as if you are not adequately prepared or equipped yet to be making calls. Do not worry. You do not need all the details about a property before talking with the owner. If you think you do, you will just be wasting countless hours researching properties of home owners you may not have the opportunity to talk to.

Has it sunk in yet?!? You do not need to know everything to start making phone calls. When you get stumped – the prospect has questions that you do not have answers for, just say: “That is a great question! Rather than give you information that may or not be the correct, let me do some research and I will call you back. I can speak with you again on \_\_\_\_\_ (pick two different days and times to offer them), which of these works for you?”

*A Rejection is  
nothing more than  
a necessary step in  
the pursuit of  
success.*

*-Bo Bennett*

Presto! You have just established yourself as someone on their side who is willing to go out of your way to make sure you

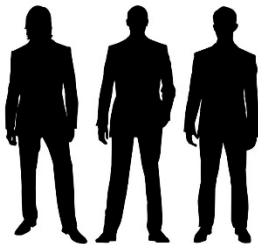
## MAKING CALLS

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have all the right answers. You have also very cleverly set the next appointment which is exactly what you need to have happen next. Remember 6 touches? So not knowing all the answers turns out to be a good thing.

In the section above called “Receiving Calls,” It was stated that you should be spend time asking questions of your prospect to determine what their needs are. The same applies here. Once this has happened you want to let them know how you can fill those needs and what benefits they will receive by working with you. Sometimes it is enough at this point to simply say, “I can help you with that. Let me do some research and I can call you back. I can speak to you again on \_\_\_\_\_.” Remember it is not about what you want to say but about what they need to hear.

It is a lot like having a verbal dance with people or even flirting. You are just trying to get a relationship going. Stay positive. Keep upbeat during your meeting. Stay in the lead. Even if the conversation goes nowhere, handling things in a professional and positive manner can keep you on the forefront of your prospect’s mind for when their situation changes. This is important because it is not uncommon for an investor to get 30-40% of their deals from follow-ups months later after the initial contact.



Energy and enthusiasm are critical while you are on the phone. Stand up while you are on the phone! It will make a difference in your voice and how you talk! In a phone conversation, the tone of your voice has a far greater impact than the words that you say. Did you hear that? **How you say it, means more than what you say!**

Build rapport. Find things that you have in common and talk about those things. Establishing rapport builds a connected. Do not attempt to do this at the beginning of the phone call. If you do it will come across as insincere. Rapport is



## MAKING CALLS

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built throughout the conversation as you discuss the property and even over several conversations. Create mental and visual pictures for them by talking about points of geography surrounding the property or other areas you have in common. It will make it much harder to reject you if they feel connected.

At the end of each call stop, analyze and improve. Not the calls where no one answered or the ones where they hung up on you. We are talking about the calls where you had a conversation with someone. Analyze the results. Did you do a good job? Did you verify contact information? Did you build rapport?

What key needs did the prospect have and did you meet a follow up meeting? What could you have done differently? Whenever you finish a meeting, whether in person or on the phone, analyze the experience and take notes. Write it down for next time. Learn from each encounter and constantly be improving your skills.



### Sample Phone Script - Foreclosure

Hello, my name is, \_\_\_\_\_. Is Mr. or Mrs. \_\_\_\_\_ available?

I'm following up on two different yellow letters we sent you regarding the property located at \_\_\_\_\_ that is scheduled to go to foreclosure auction on \_\_\_\_\_

Do you have a plan of action to deal with this?

My company specializes in helping property owners stay in their home, lower monthly payments, avoid foreclosure and/or bankruptcy when possible. We are experienced in identifying and providing options.

At least give me the opportunity to help. There are no charges for our services and no obligation. Now do you want to stay in your home, or possibly get some cash and relocate, and make the foreclosure go away?

## MAKING CALLS

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Great, let's schedule a meeting so I can explain everything and tell you how we will be able to help you. I have appointment times available on \_\_\_\_\_ at \_\_\_\_\_ or \_\_\_\_\_ at \_\_\_\_\_ what works for you so that we can develop the solution that you need?

Is this the best phone number to reach you incase something comes up? \_\_\_\_\_

And your email address so I can send you information about your options.?

## If My Phone Could Talk...









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# DOING YOUR RESEARCH

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## DOING YOUR RESEARCH

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### Due Diligence:

Once you have an appointment set, it is now time to do your due diligence. The goal is to get the most updated information you can in the least amount of time. We have a process that we follow each and every time. Below is what you need to do when researching a property:



1. **Google:** To find the most up to date information about the subject property turn to Google. Enter the address of the subject property in your browser and see what comes up. Google pulls information from all sources online and aggregates it or puts the information in one place for anyone to view. For instance, if you were researching a property and you “googled” it you would find all the recent information on the subject property on the first page of Google.

Most important in this step is to determine if there is negative information about the subject property. It would be helpful to know if there was a major crime committed on the premises of the subject property. Google is always the first place to begin your search when doing your due diligence.

2. **Zillow:** This is the next step in the process of researching the property. The objective in this step is to determine what most properties in the area are valued. Zillow is helpful when obtaining comparable home values and recent home sales numbers. Zillow will give a value called a “Zestimate” based on what Zillow’s algorithm thinks the property is worth.



## DOING YOUR RESEARCH

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According to Zillow's website "the Zestimate is a starting point and does not consider all the market intricacies that can determine the actual price a house will sell for." Meaning, the value may not be accurate and will not replace an appraisal. There has not been an inspection conducted of the property, and as such the "Zestimate" is a computer-generated estimate given the available data on said property. For more information visit [zillow.com/](http://zillow.com/)

**3. Title Report Through SendFuse:** The most important step in the process is to determine if there is equity in the subject property. This is accomplished through obtaining a title report which is ordered through Sendfuse. Sendfuse is a text driven system that makes the Rule of 56 automated! Here is how you do it.

- Text the following command to your SendFuse phone number - "**Title report for \_\_\_\_\_ (put in address)**" or just "**Title for \_\_\_\_\_ (put in address)**". A partial address is usually acceptable. Your assistant will conduct a dynamic search and respond with a complete address for you to verify.
- Respond to your assistant with a yes or no.
  - A "**yes**" will immediately initiate a title report search on the property. A PDF title report will be sent to your email address on file, usually in under a minute. A text from your assistant will notify you upon completion.
  - A "**no**" response from you will result in your assistant asking you to verify the information you submitted so that it can try again.
- It is that simple. Title reports are now just a text away!

If there is equity in the subject property, we will move forward attempting to purchase the property as an equity deal. If there is





## DOING YOUR RESEARCH

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not any equity in the subject property, we will move forward seeking to purchase the property as a short sale.

With a title report we want to obtain a complete transaction history. We call this the “debt stack”. This is the record of how many loans have been placed against the subject property. We also can obtain other details such as comparable homes, and a map of the homes that surround the subject property.

By far the most information is the name and the address of the owner of the subject property. Please note if the address of the owner and the address of the subject property match. If not, this means that the owner of the subject property is not living in the subject property.

4. **Finding Phone Number of Homeowner:** The last step in the process is to track the phone number of the owner of the subject property. Sendfuse has a feature allowing you to skip trace the name and the number of the homeowner. Here are the steps to obtaining the needed information.

- Text “**skip trace**” (insert address)
- Sendfuse will ask you “**is address** (inserted address) **correct?**”  
“Respond with ‘**yes**’ and we will check the information”
- Respond appropriately, “**yes**” or “**no.**”
- Here’s the response from Sendfuse “**We will research the number to skip trace for this address, get back to you soon.**”
- When SendFuse finds the phone number you will receive a text response. The text will include an option to have SendFuse **COLD CALL** the number! “**Great!** (inserted address) **has been skip traced. The number is** (phone Number). **Do you want SendFuse to attempt to contact the owner, respond ‘yes’ or ‘no’**” This number will also be accessible from your Sendfuse Dashboard.







# STACKING THE FILE

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## STACKING THE FILE

### Required Documentation

All documents to be collected and included in the Short Sale Packet that is submitted to the lender.

#### From the Homeowner

- Authorization Form** – Should include the names of all on your team who may work with the file.
- Demand Letter** - Copy
- Current Mortgage Statement(s)** – Copy for each loan against the property.
- Hardship Letter** - Letter stating the reason (or hardship) causing your delinquency - (*Be sure to sign it!*)
  - *See “Sample Hardship Letter.”*
- Pay Stubs** - Last 2 months
  - If unemployed or on Social Security, obtain copies of stubs or a letter from the agency stating the amount and pay period. Direct deposit on bank statement is not sufficient evidence.
  - If self-employed, complete a “Profit & Loss Year to Date” statement. It can be handwritten.
- Bank Statements** - Last 2 months (all pages)
  - Actual statements required. Copies or printed versions not accepted.
- Federal Tax Returns** - Last 2 years (all pages)
  - Use Federal Form 4506-T to request official copy.
  - Must be signed.
  - Includes W-2s
  - State return not required.
- Recent Utility Bill** – copy is acceptable
- Lender’s Financial Statement Form** – Filled out completely
  - Download form from lender’s website
- If hardship is due to loss of job or medical expenses, the lender may require copies of unemployment checks and medical bills.

## STACKING THE FILE

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### Documents the Investor Should Take Responsibility For:

- Real Estate Purchase Contract - Copy**
- Listing Agreement – Copy**
- Current Mortgage Companies –**
  - Ask up-front who the mortgage company(s) are so websites can be checked for any specific forms needed or other requirements.
- Bankruptcy –**
  - Ask the homeowner if they have filed. When?
  - Ask if they would be willing to file if needed.
- Net Sheet or Settlement Statement (estimated HUD-1)**
  - An escrow officer will prepare this document showing the estimated closing costs, fees and anticipated net proceeds to the bank.
- Documentation Supporting Value Set By Realtor**
  - This is written after the initial submission of paperwork when the bank rejects value.
- Hold Harmless Form – Request this from the bank.**
  - States that the lien holder will not go after seller for losses derived from the short sale. Without this the bank can pursue a deficiency judgement against the owner.
  - A 1099 for tax purposes may still be issued.
- Detailed Scope of Work & Budget –**
  - Specify all work that needs to be done as well as ALL cost.
- Pre-qual letter for the buyer -**
- Other Documents - As required by the lender**
  - Check with the Lender for a list.

## STACKING THE FILE

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### *SAMPLE HARDSHIP LETTER FORMAT*

The Hardship Letter should be approximately 6 paragraphs, or 1.5 pages handwritten by the seller. Be as specific as possible explaining dates and dollar amounts. “Speak” (write) directly to the lender explaining your situation.

#### **Describe the Hardship:**

The first paragraph should focus on introducing the homeowner and the particular challenge. This will be the section that explains exactly what the hardship is.

#### **Planned Response to the Hardship:**

After describing the hardship, it’s time to go into more detail about what plans the homeowner has to resolve the situation. The second paragraph should focus on what the homeowner has done or is currently doing to resolve the hardship.

These steps need to be clear and honest. Ultimately, these actions alone will not be enough to resolve the situation, and the letter should support the idea that the homeowner needs the creditor’s help. **\*Avoid holding back or minimizing the situation.\***

#### **What is the Goal of the Hardship Letter:**

Short and to the point, this section tells the lender exactly what the homeowner needs and what the lender should consider.







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# MEETING WITH THE SELLER

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# MEETING WITH THE SELLER

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## Consultative Negotiation

Negotiation is really a process, not an action. Trouble comes when we start to see the art of negotiation as purely transactional.

Today's clients are less likely to respond to traditional sales closing tactics that are typically used in negotiation. They have more access to information and are more informed due to the internet. This has changed how they come to decisions on buying and selling. They feel empowered by the ability to do their own research and thus want to make their own decisions. They want to decide rather than be sold. Your challenge is to help them to make that decision.

The art of influence is not just in the words you use, it's not just in the tonality of your voice, it's not just in the things that you choose to show them, it's about whether you present all this in the way that they want to see it. A negotiation tactic that totally convinces one person might not work at all on someone else, because they're two different people. The art and skill of communication lies in the ability to find out what's important to each person, and then give him the information that he desires. However, you must observe, and focus on the person to do this – you can't just go through the motions.

By taking a consultative approach, you provide your prospects with educational content that aids them in making buying decisions. Through this process you earn their trust and establish authority which helps you secure the sale. By engaging key prospects with compelling information that meets a need, you as the consultative professional, are a step ahead of the competition. The 6-step approach that follows will guide you on your journey to learn the process and become a consultative negotiation professional.

**The art of influence is not just in the words you use ...**

**it's about whether you present all this in the way that they want to see it.**

# MEETING WITH THE SELLER

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## Step 1: Establish Rapport

The first step in the process is to establish rapport. Let's face it, mostly people choose to do business with those people whom they like. Without rapport it's harder to accomplish everything. Most people aim to build rapport by uncovering common experiences or finding common ground. This is fine if you have unlimited time to build rapport, or if you have a guarantee of further meetings, but it's not so useful in a business context where your time may be limited. In the business world there is rarely time for idle chit-chat.

Mirroring and matching can be very powerful and effective techniques for quickly establishing rapport with any client. If done subtly, it is almost a fail-safe way of building rapport in just a few minutes.

### **Mirroring and Matching**

Mirroring & Matching are techniques widely used in Neuro-Linguistic Programming - NLP. Mirroring & Matching is an interpersonal communication model created by Richard Bandler and John Grinder in the 1970s. The idea is that people feel most comfortable around those who are like them. When they are comfortable, they are more likely to feel that their point of view is understood. The more someone believes you are like them, the easier it is to develop trust and rapport at the unconscious level.

**Mirroring** refers to the simultaneous 'copying' of the behavior of another person, as if reflecting their movements back to them. When done with respect and discretion, mirroring creates a positive feeling and responsiveness in you and others.

**Matching**, on the other hand, can have a built-in 'time lag'. For example, if a seated client uncrosses his legs and leans slightly inward



# MEETING WITH THE SELLER

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while speaking, you should wait for a few seconds and then discretely adopt the same posture.

The key to gaining instant rapport with another individual is to make ourselves like them. The most prudent method of establishing rapport quickly is to mirror and match the most unconscious elements of a person's behavior during communication, such as physiology and tonality. Together, these two elements comprise an estimated 93% of our communication. Paying attention to just these two elements can make you most like the other person without their being aware that this is occurring – that's the key to success.

**Don't Mimic... It's a Gimmick:** Mirroring & Matching can be very powerful and effective techniques for quickly establishing rapport with a client. However, use common sense and discretion. Don't outright mimic a person's every move. This can be viewed as disingenuous and be counterproductive. If your client becomes aware that you're actively using specific techniques to create rapport with them, there's a good chance that their state of trust and receptivity will be irrevocably eroded.

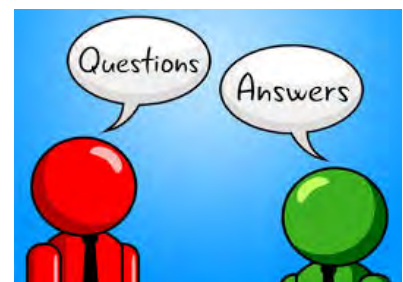
Be mindful not to Mirror & Match negative body language, disabilities or illnesses. This can be as equally counterproductive as mimicking.

## Step 2: Ask Questions & Listen

Communication skills are one of the defining attributes of a top negotiators. The ability to question effectively and actively listen are two parts to having great communication skills.

### Questions

You'll be asking questions throughout the interview so that you can discover what your client values, and what their decision-making process is. Trying to uncover their objections so that



# MEETING WITH THE SELLER

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you've answered them effectively before you come to the point of closing the deal. These questions will help your client feel that they were heard, and they will help you know whether the person is actually a real lead for you as an investor.

Open-ended questions often start with words such as what, tell me about, share with me, and how. Open-ended questions should bring about descriptive answers from your prospect not a 'yes/no' answer. Yes or no answers, or short non-expressive answers are the result of a Close-ended question which customarily begin with is, are, can, may, do, will, etc. Open-ended or Close-ended question are neither good nor bad; they each have their purpose. These two types of questions can be broken into four categories. Complete communication occurs when we use all four types of questions.

## **Open-Ended Questions**

**Broad Scoped Open-Ended Questions** - These are exactly what the name elicits, broad and open. Broad in the sense that they are not meant for finding specifics, and open in that they begin with an open starter like, what, tell me about, and share with me.



Example: Tell me about your property?  
What are the general stats – bedrooms, baths, sq. ft. etc?  
Share with me about the neighborhood. What do you know about it?

Broad scoped open-ended questions are usually non-intrusive and help you develop background information about your prospect; however, they have other uses. This type of question is also great for seeing the futuristic views of your clients or prospects. Remember, you are not asking for a whole lot of specifics at this point. You are attempting to create general dialogue with facts. This is first date material. Stick to the general stuff.

**Narrow Scoped Open-Ended Questions** – These are questions designed to create meaningful specific answers. In other words, they are intended to delve deep into an idea. Narrow scoped open-ended questions can be thought of as true probing questions. They begin with

# MEETING WITH THE SELLER

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words like what, how, tell me about, share your ideas. These questions are usually asked as follow up questions to broad scoped open-ended questions mentioned above.

Example: If you were going to move into this property, what improvements would you make first?

Spend the majority of your time asking narrow scoped open-ended questions. Avoid questions that have yes/no answers. Keep your questions open-ended to give your customers more opportunity to talk. Remember, people like to talk about themselves and their situations. When attempting to fact-find, you must never limit yourself to a yes or no answer.

## Closed-Ended Questions

**Alternative Choice Close-Ended Questions** – These are questions that limit your chance of receiving a 'No' response. You are asking someone to pick between two choices. The best times to use these questions are, setting appointments, asking for an order, pin pointing needs, and clarifying understanding. These questions begin with what is called 'close-end starters'. Words like is, are, can, may, could, would, should, do, and does.

Example: Can we speak again Monday at 3pm or Tuesday at 11am?

Remember in the world of psychology, giving people a choice between something and nothing will almost always result in a choice of nothing. To avoid this, you must always give two choices. Be wary of offering too many choices, because you can cause confusion in the mind of the buyer. Usually two or three choices are sufficient. Anything more than three will be over doing it. (This is the basis of the 3-tiered offer you have learned about.)

**Single Outcome Close-Ended Questions** – These types of questions are overused and used in the wrong place more often than any other question. Too many negotiators start conversations out with these questions. Just as the name states, the single outcome closed-ended question creates only one possible outcome. They begin



## MEETING WITH THE SELLER

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with a close-end starter such as like is, are, can, may, could, would, should, do, and does.

Example: If I offer you \$35,245 for the property do we have a deal?

The benefit to using single outcome closed-end questions is they are direct and when you are looking for a yes or no response you will get it. These questions are best used after rapport is built with a client and when you know confidently that a 'No' answer will not harm your opportunity. They should be used the same way a doctor would use them, to diagnose a problem.

Single outcome closed-end questions also have 'closing the sale' benefits. Trial closing is a process that helps you find out where a person is in the commitment to buy or sell. The goal of the questions is to receive a 'Yes' commitment and to move forward. The easiest way to formulate a trail close question is an 'If/Then' scenario. "If we can do this for you, then you'll do this for us?"

How well you question is one of the determining factors in your success in negotiations. Remember to keep your questions open-end to engage the client in conversation. The time to use close-end questions is when rapport has been built and you are diagnosing a situation.

### **Listening**



You can use questions to continue to build rapport and receive information, but you must be listening carefully so that you learn about your prospect's problems and concerns. Most people are too focused on themselves to truly listen to their client. We tend to worry about our adequacy to close the deal, we think about what we are going to say next and worry over having just the right words to say.

To become a true consultative negotiator, you must move beyond superficial listening. Learn to focus your attention on your client. You must become fully aware of the other person. Lean forward. Engage in prolonged eye contact. Listen to not only the words they say but also listen to how they say them and what they do not say.



# MEETING WITH THE SELLER

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There is significant value in developing your listening skills and using them to establish trust and build rapport with your clients (and also with your friends, family, and colleagues). Human beings have an innate desire to be appreciated, validated, and understood. When people talk about themselves and someone listens with intent, it makes them feel important and connects them to you. Deep listening isn't a skill we're born with – it can be learned – but it does require practice, discipline, and intent.

## Step 3: Establish Value & Need

Through your questions make sure you have taken the opportunity to establish what your client's needs are. Until you know their need you will not know if your services will be valued by the client. This is sometimes called the clients "pain point." Regardless of what you call it, take the time to find it out so you can adequately develop your strategy. Without an established need you are just taking a shot in the dark.

If you realize that you can't add enough value to this deal for it to be worthwhile to your client, that's okay. Let them know how you feel and end the conversation. You never want to go into a deal so hungry that you need to get it at any cost. If you can't add enough value to make it worthwhile for the prospect, then you're better off walking away. If you do make a deal under those circumstances neither of you will be happy with the outcome.

**Until you  
know their  
need you  
will not  
know if your  
services will  
be valued by  
the client.**

## Step 4: Propose A Solution

Now comes the time to meet your client's need. If you have followed the process you should now be ready to propose your tailored solution succinctly and clearly to the client. Your prospect should be nodding agreement at this point and demonstrating that they can see the value you are offering to them specifically. As you outline your solution the prospect should feel confident that it will solve their specific problem, not just be

# MEETING WITH THE SELLER

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some “magic bullet” line you learned at the last real estate training you attended.

Crafting your tailored made solution will take some time. Do not try to do this on the spot with a client. Make sure you set a future appointment to offer them your solution. Craft your solution carefully and practice your delivery.

## Step 5: Closing the Deal

Eighty percent of negotiations are lost because the negotiator fails to close. Closing is about advancing the negotiation. You must ultimately ask them to decide and no conversation should ever end without an agreement to some next step. Do not be satisfied with “we’ll get back to you”. There is no agreement in that! Think of something you could say in response to such a remark in order to advance the negotiation.



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In large part, closing is about discovering obstacles. Have you heard these before: “I’ll need to think about it.”, “It’s too expensive.”, “Let me run it buy some other people?” “Sounds good but I’ve already...(fill in the blank.)” What could you say to overcome these objections?

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# MEETING WITH THE SELLER

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## Step 6: Follow-up

Good follow up will double your closing ratio. When you contact a prospect, a relationship is built and follow up is how it is nurtured. Staying at the forefront of a prospect’s mind requires persistence and should not be confused with being bothersome. Therefore, it’s important to get agreement on some next step each time there is contact. Follow up therefore should never end. The pace may slow but it will never end. When a sale is made, then a new type of follow up begins.



When you close a deal with a client it might seem like you’ve accomplished your goal, but the customer relationship has only begun. The follow-up is an important part of assuring customer satisfaction, retaining customers, and prospecting for new customers. You never know who will bring you your next referral! This might mean sending a thank you note or calling to make sure service was as advertised. Big corporations do this in many ways: the follow-up email you get from Netflix every time you return a movie by mail or its Amazon’s invitation to “rate your transaction” after you receive your Amazon order.

Follow-up can take many forms, but the bottom line is, YOU HAVE TO DO IT! Good follow-up helps ensure additional referrals, and positive reviews. It can lead you back to the first step in the selling process because it provides the opportunity to learn about new needs for this customer or new customers through referrals.

What are some things you can do to follow-up with your clients?

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## ***AUTHORIZATION FORM***

I, \_\_\_\_\_ hereby allow \_\_\_\_\_, to discuss my request for a Short Payoff with the lender who is currently handling my loan. I hereby authorize said authorized party to negotiate the terms of a Short Payoff with my lender, which concern my request for a Short Payoff, reinstatement payoff or full payoff. I understand that I will be fully responsible for reviewing any information that is sent by the lender to the authorized party. This Authorization will remain in effect until I specifically notify my lender in writing that this authorization is no longer valid and in effect.

Property Address: \_\_\_\_\_

Loan #: \_\_\_\_\_ Lenders Phone #: \_\_\_\_\_

Borrower (1): \_\_\_\_\_ SSN: \_\_\_\_\_ Phone #: \_\_\_\_\_

Borrower (2): \_\_\_\_\_ SSN: \_\_\_\_\_ Phone #: \_\_\_\_\_

Borrower (1) Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Borrower (2) Signature: \_\_\_\_\_ Date: \_\_\_\_\_



***AUTHORIZATION FORM***

I, \_\_\_\_\_ hereby allow \_\_\_\_\_, to discuss my request for a Short Payoff with the lender who is currently handling my loan. I hereby authorize said authorized party to negotiate the terms of a Short Payoff with my lender, which concern my request for a Short Payoff, reinstatement payoff or full payoff. I understand that I will be fully responsible for reviewing any information that is sent by the lender to the authorized party. This Authorization will remain in effect until I specifically notify my lender in writing that this authorization is no longer valid and in effect.

Property Address: \_\_\_\_\_

Loan #: \_\_\_\_\_ Lenders Phone #: \_\_\_\_\_

Borrower (1): \_\_\_\_\_ SSN: \_\_\_\_\_ Phone #: \_\_\_\_\_

Borrower (2): \_\_\_\_\_ SSN: \_\_\_\_\_ Phone #: \_\_\_\_\_

Borrower (1) Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Borrower (2) Signature: \_\_\_\_\_ Date: \_\_\_\_\_





# REAL ESTATE PURCHASE AND SALE AGREEMENT

PARTIES: \_\_\_\_\_, as "Seller", located at: \_\_\_\_\_ Phone: \_\_\_\_\_  
\_\_\_\_\_ and \_\_\_\_\_ "Buyer" located at: \_\_\_\_\_,  
Phone: \_\_\_\_\_, hereby agree that the Seller shall sell and Buyer shall buy the property described as:

## I. DESCRIPTION:

a) Legal description of real estate ("Property") located in \_\_\_\_\_ County, State of \_\_\_\_\_:

\_\_\_\_\_  
\_\_\_\_\_

b) Street address, if any, of the Property being conveyed is:

\_\_\_\_\_ **United States**

c) Personal property including all buildings and improvements on the property and all right, title and interest of Seller in and to adjacent streets, roads, alleys and rights-of-way, and: Property to be purchased in its as is condition without representation or warranty from the seller as to condition, function, use, reliability, etc., etc., etc.

## II. PURCHASE PRICE: See Addendum #1

### PAYMENT:

a) See Addendum #1

### TOTAL

III. FINANCING: If the purchase price or any part thereof is to be financed by a third-party loan, this Contract for Sale and Purchase ("Contract"), is conditioned upon the Buyer obtaining a firm commitment for said loan by \_\_\_\_\_. See Addendum #1.

Seller Initials \_\_\_\_\_ Buyer Initials \_\_\_\_\_

Page 1 of 5

**IV. TITLE EVIDENCE:** Within twenty 20 days from the date of Contract, Seller shall, at Buyers expense, deliver to Buyer or his attorney, in accordance with Paragraph XI, a commitment for title insurance with fee owner's title policy premium to be paid by Seller at closing.

**V. TIME FOR ACCEPTANCE AND EFFECTIVE DATE:** If this offer is not executed by both of the parties hereto on or before \_\_\_\_\_, the aforesaid deposit(s) shall be, at the option of the Buyer, returned to him and this offer shall thereafter be null and void. The date of Contract ("Effective Date") shall be the date when the last one of the Seller and Buyer has signed this offer.

**VI. CLOSING DATE:** This transaction shall be closed and the deed and other closing papers delivered on \_\_\_\_\_, unless extended by other provisions of Contract, or by written agreement of the Parties.

**VII. RESTRICTIONS, EASEMENTS, LIMITATIONS:** N/A

**VIII. OCCUPANCY:** Seller represents that there are no parties in occupancy at the time of drafting this agreement and if there are occupants that seller will have them permanently removed prior to closing.

**IX. ASSIGNABILITY:** Buyer may assign this Contract.

**X. TYPEWRITTEN OR HANDWRITTEN PROVISIONS:** Typewritten or handwritten provisions inserted herein or attached hereto as Addenda shall control all printed provisions in conflict therewith.

**XI. EVIDENCE OF TITLE:** Within twenty (20) days from the date hereof, Buyer, at Buyer's sole cost and expense, shall cause a title insurance company mutually acceptable to the Parties ("Title Company") to issue and deliver to Buyer an ALTA Form B title commitment ("Title Commitment") accompanied by one copy of all documents affecting the Property, and which constitute exceptions to the Title Commitment.

**XII. EXISTING MORTGAGES TO BE ASSUMED:** See Addendum #1

**XIV. CURRENT SURVEY:** N/A

**XV. TERMITES:** N/A

**XVI. INGRESS AND EGRESS:** Seller Represents that there is proper Ingress and Egress for the property to be used as a single-family residence and that all bedrooms and bathrooms are conforming and to code.

**XVII. LEASES:** N/A

**XVIII. LIENS:** N/A

**XIX. PLACE OF CLOSING:** Closing shall be held in the county wherein the Property is located, at the office of the attorney or other closing agent designated by Buyer or Buyer's lender.

**XX. TIME:** Time is of the essence of this Contract. Any reference herein to time periods of less than six (6) days shall in the computation thereof, exclude Saturdays, Sundays and legal holidays, and any time period provided for herein which shall end on a Saturday, Sunday or legal holiday shall extend to 5:00 p.m. of the next business day.

**XXI. DOCUMENTS FOR CLOSING:** Seller shall furnish deed, closing statement, mechanic's lien affidavit, assignments of leases, and any corrective instruments that may be required in connection with perfecting the title. Buyer shall furnish mortgage, mortgage note, security agreement, and financing statement.

Seller Initials \_\_\_\_\_ Buyer Initials \_\_\_\_\_

**XXII. EXPENSES:** State documentary stamps which are required to be affixed to the instrument of conveyance, intangible tax on and recording of purchase money mortgage to Seller, and cost of recording any corrective instruments shall be paid by Seller. Documentary stamps to be affixed to the note or notes secured by the purchase money mortgage, cost of recording the deed and financing statements shall be paid by Buyer.

**XXIII. PRORATION OF TAXES:** Taxes for the year of the closing shall be paid for by buyer.

**XXIV. PERSONAL PROPERTY INSPECTION, REPAIR:** Seller represents that the property is currently not in need of any deferred maintenance and that all electrical and mechanical systems are working and functioning properly. Any repairs needed will be at the expense of the seller.

**XXV. RISK OF LOSS:** Seller represents that the property is currently not in need of any deferred maintenance and that all electrical and mechanical systems are working and functioning properly. Any repairs needed will be at the expense of the seller.

**XXVI. MAINTENANCE:** Seller represents that the property is currently not in need of any deferred maintenance and that all electrical and mechanical systems are working and functioning properly. Any repairs needed will be at the expense of the seller prior to closing.

**XXVII. PROCEEDS OF SALE AND CLOSING PROCEDURE:** The deed shall be recorded upon clearance of funds and evidence of title continued at Buyer's expense, to show title in Buyer, without any encumbrances or change which would render Seller's title unmarketable from the date of the last evidence, and the cash proceeds of sale shall be held in escrow by Seller's attorney or by such other escrow agent as may be mutually agreed upon for a period of not longer than five (5) days from and after closing date.

**XXVIII. ESCROW:** Any escrow agent receiving funds is authorized and agrees by acceptance thereof to promptly deposit and to hold same in escrow and to disburse same subject to clearance thereof in accordance with terms and conditions of Contract. Failure of clearance of funds shall not excuse performance by the Buyer.

**XXIX. ATTORNEY FEES AND COSTS:** All fees and cost associated with settlement or otherwise will be paid for by the seller.

**XXX. (a) DEFAULT BY SELLER:** In the event that Seller should fail to consummate the transaction contemplated herein for any reason, except Buyer's default; (i) Buyer may enforce specific performance of this Agreement in a court of competent jurisdiction and in such action shall have the right to recover damages suffered by Buyer by reason of the delay in the acquisition of the Property, or (ii) may bring suit for damages for breach of this Agreement, in which event, the deposit made hereunder shall be forthwith returned to Buyer, or (iii) declare a default, demand and receive the return of the deposit. All rights, powers, options or remedies afforded to Buyer either hereunder or by law shall be cumulative and not alternative and the exercise of one right, power, option or remedy shall not bar other rights, powers, options or remedies allowed herein or by law.

**XXX. (b) DEFAULT BY BUYER:** In the event Buyer should fail to consummate the transaction contemplated herein for any reason, except default by Seller or the failure of Seller to satisfy any of the conditions to Buyer's obligations, as set forth herein, Seller shall be entitled to retain the earnest money deposit, such sum being agreed upon as liquidated damages for the failure of Buyer to perform the duties and obligations imposed upon it by the terms and provisions of this Agreement and because of the difficulty, inconvenience and uncertainty of ascertaining actual damages, and no other damages, rights or remedies shall in any case be collectible, enforceable or available to Seller other than as provided in this Section, and Seller agrees to accept and take said deposit as Seller's total damages and relief hereunder in such event.

Seller Initials \_\_\_\_\_ Buyer Initials \_\_\_\_\_

**XXXI. MEMORANDUM OF CONTRACT RECORDABLE, PERSONS BOUND AND NOTICE:** Seller Represents that they have the legal authority to sell this property and transfer clear and equitable title.

**XXXII. PRORATIONS AND INSURANCE:** Taxes, assessments, rent, interest, insurance and other expenses and revenue of the Property shall be paid by the seller.

**XXXIII. CONVEYANCE:** Seller shall convey title to the Property by statutory warranty deed subject only to matters contained in Paragraph VII hereof and those otherwise accepted by Buyer.

**XXXIV. UTILITIES:** Seller represents that all utilities are currently on, functioning and that there are no outstanding payments or debts owed to any utility provider.

**XXXV. ENGINEERING PLANS AND STUDIES:** N/A

**XXXVI. INSPECTION OF PROPERTY:** Seller to provide access to the residence at any time within reasonable request from buyer for inspection. Seller to pay for a full home inspection by a licensed, bonded, insured home inspector within 10 days of mutual acceptance.

**XXXVII. PENDING LITIGATION:** Seller warrants and represents that there are no legal actions, suits or other legal or administrative proceedings, including cases, pending or threatened or similar proceedings affecting the Property or any portion thereof.

**XXXVIII. SURVIVAL OF REPRESENTATIONS AND WARRANTIES:** The representations and warranties set forth in this Contract shall be continuing and shall be true and correct on and as of the closing date with the same force and effect as if made at that time, and all of such representations and warranties shall survive the closing and shall not be affected by any investigation, verification or approval by any party hereto or by anyone on behalf of any party hereto.

**XXXIX. ACQUIRING APPROVALS:** The obligation of seller is to sell the property to buyer no later than \_\_\_\_\_.

**XL. OTHER AGREEMENTS:** No prior or present agreements or representations shall be binding upon any of the Parties hereto unless incorporated in this Contract. No modification or change in this Contract shall be valid or binding upon the Parties unless in writing, executed by the Parties to be bound thereby. property or the items inside.

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Executed by Seller(s) on: \_\_\_\_\_

\_\_\_\_\_  
Signature of Seller

\_\_\_\_\_  
Name of Seller (Printed)

\_\_\_\_\_  
Signature of Seller

\_\_\_\_\_  
Name of Seller (Printed)

Executed by Buyer(s) on: \_\_\_\_\_

\_\_\_\_\_  
Signature of Buyer

\_\_\_\_\_  
Name of Buyer (Printed)

\_\_\_\_\_  
Signature of Buyer

\_\_\_\_\_  
Name of Buyer (Printed)

Seller Initials \_\_\_\_\_ Buyer Initials \_\_\_\_\_

## Addendum #1

- a) Subject to the underlying mortgage and a cash payment to be received by seller at closing in the amount of no less than \_\_\_\_\_ subject to clear title and if necessary a New Private Money Loan with Cogo Capital, LLC or a second loan from a different private money lender to be placed in second position on the subject property.
  
- b) Buyer to take over the underlying mortgage through an All-Inclusive Trust Deed (AITD) to be drafted by buyer's attorney at buyers expense up to the time of settlement. At this time, it is believed that the remaining outstanding balance on the current loan is \_\_\_\_\_ with monthly payments in the amount of \_\_\_\_\_ which represent PITI (Principal, Interest, Taxes, and Insurance), with a current interest rate of \_\_\_\_\_. Final payoff and demand to be made prior to settlement and payments to be set up through a third-party escrow provider.
  
- c) Subject to final inspection and approval of buyer's partner within 3-days of final settlement.
  
- d) Subject to the delivery and receipt of a title policy from \_\_\_\_\_
  
- e) Subject to clear and final title being conveyed to buyer at closing.
  
- f) Buyer is not represented by agency in this transaction nor is the seller. It is the responsibility of both the buying party and the selling party to obtain independent legal counsel at each parties' own expense. Buyer and seller beware.

Seller Initials \_\_\_\_\_ Buyer Initials \_\_\_\_\_

Seller Initials \_\_\_\_\_ Buyer Initials \_\_\_\_\_

## Addendum #1

*(Italicized text is for example only and should be replaced with your own information!)*

- a) Subject to the underlying mortgage and a cash payment to be received by seller at closing in the amount of no less than \$50,000 - subject to clear title and if necessary a New Private Money Loan with Cogo Capital, LLC or a second loan from a different private money lender to be placed in second position on the subject property.
  
- b) Buyer to take over the underlying mortgage through an All-Inclusive Trust Deed (AITD) to be drafted by buyer's attorney at buyers expense up to the time of settlement. At this time, it is believed that the remaining outstanding balance on the current loan is \$129,399.57 with monthly payments in the amount of \$1,240 which represent PITI (Principal, Interest, Taxes, and Insurance), with a current interest rate of 7.750%. Final payoff and demand to be made prior to settlement and payments to be set up through a third-party escrow provider.
  
- c) Subject to final inspection and approval of buyer's partner within 3-days of final settlement.
  
- d) Subject to the delivery and receipt of a title policy from First American Title.
  
- e) Subject to clear and final title being conveyed to buyer at closing.
  
- f) Buyer is not represented by agency in this transaction nor is the seller. It is the responsibility of both the buying party and the selling party to obtain independent legal counsel at each parties' own expense. Buyer and seller beware.

Seller Initials \_\_\_\_\_ Buyer Initials \_\_\_\_\_

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Seller Initials \_\_\_\_\_ Buyer Initials \_\_\_\_\_





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# Private Money Made Simple

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Visit [cogocapital.com](http://cogocapital.com) or call (800) 473-6051 for more information  
Certain fees, conditions, and limitations apply. Contact us for more details.

Loans are available in California through Cogo Capital Orange County, Inc. 11501 Dublin Blvd. Suite 200, Dublin, CA 94568  
California DRE License #: 01928542; NMLS #: 1051036.

Loans are available in Arizona through Cogo Capital, Arizona Mortgage Broker License # 0950084

\*California properties please call for details

	<b>SINGLE FAMILY RESIDENTIAL &lt; \$400K</b>	<b>SINGLE FAMILY RESIDENTIAL &gt; \$400K</b>	<b>SINGLE FAMILY LONG-TERM HOLD</b>	<b>MULTI-FAMILY RESIDENTIAL</b>	<b>COMMERCIAL REAL ESTATE</b>
<b>PROPERTY TYPES</b>	Non-Owner Occupied SFR (1-4 Units)	Non-Owner Occupied SFR (1-4 Units)	Non-Owner Occupied SFR (1-4 Units)	Multifamily Apartments (5+ Units)	Industrial, Office, Retail, Mixed-Use
<b>LOAN PURPOSE</b>	Investment Purpose: Acquisition, Cash-Out, Refinance, Rehab	Investment Purpose: Acquisition, Cash-Out, Refinance, Rehab	Commercial or business purpose (Must meet occupancy qualifications)	Investment Purpose: Acquisition, Cash-Out, Refinance, Rehab	Investment Purpose: Acquisition, Refinance, Rehab
<b>LOAN AMOUNT</b>	\$30,000 to \$400,000	\$400,000 to \$3,500,000	\$75,000 to \$1,500,000	\$250,000 to \$3,500,000	\$500,000 to \$3,000,000
<b>TERM</b>	6 - 24 Months	12 Months	30 Years	6 - 24 Months	6 - 24 Months
<b>INTEREST RATE</b>	8% - 15%	8% - 12%	Rates as low as 6.25% - 9.50%	8% - 11%	8% - 11%
<b>ORIGINATION POINTS</b>	0 to 5	2 to 4	2 to 4	2 to 4	2 to 4
<b>LOAN PARAMETERS (Non-Elite Member)</b>	90% Purchase; 100% Rehab not to exceed 65% LTV; Cash-out Refi 50%	85% Purchase; 100% Rehab not to exceed 75% LTV; Cash-out Refi 65% LTV	PDTI Max 90%; As-is LTV 80%; LTTP 85%	75% Purchase; 100% Rehab not to exceed as-is LTV 75%; LTARV 70%; Cash-out Refi 65%	As-is 70% LTV; LTARV 60%
<b>LOAN PARAMETERS (Elite Member)*</b>	100% Purchase; 100% Rehab; 100% Closing costs not to exceed 70% LTV	Up to 100 BPS discount	Up to 100 BPS discount	Up to 100 BPS discount	Up to 100 BPS discount
<b>APPRAISER LEVEL</b>	General Appraiser	General Appraiser	General Appraiser	< \$1,500,000 General Appraiser > \$1,500,000 Level Appraiser	MAI Level Appraiser
<b>MINIMUM CREDIT SCORE</b>	N/A	575	650	600	600
<b>EXCLUDED STATES</b>	MN, NV, SD, UT, VT	AK, ND, NV, OR, SD, UT, VT (Market must have population > 100K)	MN & SD	MN & SD	MN & SD
<b>PREPAYMENT PENALTY</b>	N/A	Min payment 3 months	First Year 3% Second Year 2% Third Year 1% Thereafter 0%	N/A	N/A
<b>REFUNDABLE DEPOSIT MAY APPLY</b>	N/A	N/A	N/A	May require refundable deposit	May require refundable deposit

\*Elite Members have taken part in Lee's Inner Circle, Master Lien Abatement, Master Rehabber, One-on-One Real Estate Mentorship, or a Regional Real Estate Clinic

## COGO CAPITAL DRAW POLICY

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A draw request form accomplishes several things. First, it makes a demand for the contractual amount due the client/builder at a certain stage or milestone. Second, it documents the additions and subtractions to the contracted amount to-date for the project.

1. During the loan process the borrower submits his contractor bid or draw schedule to the processor.
2. The processor forward that on to the Draw specialist who revises the draw and puts it in a workable format that we use internally. The specialist then sends a copy back to the processor and send the client/borrower a welcome letter that includes the newly revised draw schedule requiring a signature along with information sheet that lets them know about the draw process.
3. Once the borrower approves the draw schedule, they send it back to the processor who then submits draw with the file to the underwriter for approval.
4. At that point it is a confirmed document that is set in stone for closing.
5. Once the file is closed and the borrower starts working on his rehab, he will submit a request for an inspection either verbally or written. Preferably written so there is a paper trail.
6. The draw specialist puts together an NVMS draw format to submit to NVMS usually the same day or the day following the request.
7. NVMS has a 48 hour turn around for the inspector to get a hold of the borrower. The inspector sets up a time to meet the borrower or contractor at the property to do the inspection. The inspector has up-to48 hours after his inspection to get the inspection report back into our hands (draw specialist).
8. With the 1<sup>st</sup> draw the draw specialist checks in Google Doc to see how much money is available and compare it to what is in TMO and how many paid inspections are available. After the 3<sup>rd</sup> draw specialist needs to check with google docs to see if borrower has used all their paid inspections, if they have, draw specialist will take money from the contingency to pay for the additional wire and

## COGO CAPITAL DRAW POLICY

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inspection fee before we can give any more draw money. an individual Voucher will be created for these additional fees and draw specialist will create the appropriate charges in TMO.

9. The draw specialist usually inputs the draw into TMO within 24 hours after receiving the inspection report. Once that is complete the draw specialist gives it to department manager to double check work and sends out for approval from lender.
10. Once lender approves the draw departments orders the Manager will send the client an email that will tell them exactly what we are able to release from that inspection with a copy of the paperwork, along with the lien waiver and banking info sheet which client needs to fill out and return to draw dept as soon as possible.
11. As soon as draw dept gets the lien waiver and banking info back from client the draw dept sends and email to Lake City Servicing by emailing asking them to wire out to client the disclosed amount that is on lien waiver. Draw Requests wires needs to be requested from LCS no later than 11:30 am Monday through Friday. Draw Requests wires received after 11:30 am will be processed the next business day.
12. Wires are usually initiated by 1:00 pm. Once the wire has been initiated, LCS will send a confirmation email to draw dept letting them know that the wire went out.



# Q & A for Reimbursement Draws

Purpose of the draw process is to see that the project gets 100% completed at the best quality possible. Lenders issue the funds of a **construction loan** in phases. The funds are distributed and are usually tied to milestones or within specific intervals of the project. ... The **process** ensures the lender and the builder undergoes due diligence throughout the project.

**1) Why do I have to have a 3<sup>rd</sup> party contractor bid?**

- a. If you got hit by a bus and couldn't finish the project Cogo would have to hire someone to come in and finish the project.

**2) What does reimbursement draw mean? A reimbursement is a repayment for money you've already spent**

**3) How many draws should be requested before closing?**

- a. The dollar amount of the rehab and the Borrower's cash flow should be considered in determining the appropriate number of draws. For example, if the budget is 75,000 and the Borrower requests 3 draws the Borrower would need to front approximately 25,000 prior to requesting reimbursement. However, if the Borrower requests 5 draws the Borrower would only need to front approximately 15,000 prior to requesting reimbursement. The fees and costs for inspections and disbursement are collected at closing. Any additional inspections and disbursements more than those prepaid at closing would be a cost to the Borrower to be paid at the time of the inspection.

**4) If I need more draws, then I initially paid for what is the cost?**

- a. Any additional inspection/draws above the initial paid draws will need to be paid through Lake City Servicing before the inspection, cost \$295.00 each. If you need to fix minor things after your final draw, the cost is \$200.00, and you will need to provide photos of the things we asked to fix. Call **Lake City Servicing at 800-630-9252** to pay for additional inspections or draw request. Or we can take out of the contingency.

**5) What if I fail to meet the inspector?**

- a. Upon the Borrower's request for an inspection, the Inspector will contact the Borrower and/or their designee to set an appointment for a site visit. Failure to meet the Inspector at the set time will result in a "travel" fee charged to the Borrower of \$45. If you order an inspection and it's more than 2 weeks after the order and you still have not had the inspector come out Cogo will cancel the order. Don't order unless you are ready!!!

**6) What if I have unexpected things come up that need to be fixed?**

- a. You will need to pay for those items out of your own pocket. Once the project is **completed** Cogo Capital will release the contingency at the end that Cogo Capital held back for those incidentals.

**7) What is a contingency, and why do I need to have additional funds for it? How do I get it back?**

- a. Cogo requires, at minimum, a contingency allowance of 10%. As such the total amount held in escrow will be, at minimum, 110% of the project budget. This is referred to as the "contingency." This contingency is designed to cover cost overruns and/or unanticipated costs incurred in the rehab process.
- b. The contingency is **only** released upon the completion of the project. Home must be completed and marketable without any repairs.

**8) How am I reimbursed and what is the time frame?**

- a. First you need to fill out a Wire or ACH form, you will get this form in an email once your loan closes. It is VERY important that you take the form to your bank and have them fill out the correct information. Or be very careful filling it out yourself not to impose numbers. Wrong information causes delays and extra cost to you to re-wire. Borrower must provide the bank's name, address, telephone, account holder name and account number and banks **domestic wire or ACH routing** number.
- b. Draw requests are processed in the order in which they are received by Cogo. The anticipated turn-around time for payment to be released **after** receiving inspection report is 36-48 business hours. Disbursements are paid from Escrow directly to the Borrower's bank account. But we do reserve the right to pay contractors and subcontractors directly.

# Q & A for Reimbursement Draws

## 9) Who do I contact about draws/inspections?

- a. Address **ALL** request to [draws@cogocapital.com](mailto:draws@cogocapital.com)
- b. In subject line address your email to **Request for Inspection** –
- c. In body of letter put
  - i. **Your last name**
  - ii. **Property address**
  - iii. **Contact name & number of who you want the inspector to contact to get into the property**
  - iv. **List items that are completed or that you want money for**
  - v. If you need to speak to someone you can call the draw specialist at 800-473-6051 ext 1341

## 10) What will stop me from getting paid?

- a. Not having the lien waiver sign and/or incorrect wire information
- b. Being late on your monthly loan payment or any loan that you are cosigned on
- c. Not having up to date insurance (home or flood) on property - expired
- d. Loan is Matured and there is no extension in place.

## 11) Why can't I change line items in a draw?

- a. We ask you for a third-party contractor to give a bid for what needs to be done on a property, an unbiased professional. Then that bid goes to the appraiser who bases his estimate on that scope of work from that bid. From there we base our loan values off the figures that the appraiser gives the appraisal. Therefore, it is not that easy to switch things around without getting a new appraisal. And once the loan is closed the deal is sealed. **We do NOT do work order changes.**

## 12) What if I have receipts for materials? Or have materials on site?

- a. Send Cogo a copy of the PAID receipt. Make sure that it is clear and readable. We only allow up to 25% of your line item total to be disbursed no matter how much you paid. For example, drywall. Your budget says \$1000 and you paid \$750 for drywall, we are only giving you 25% of \$1000 = \$250. But if you paid \$200 for drywall then that is all we will give you is \$200 because that is less than the 25%. We want to make sure the line item gets completed.
- b. If your materials are on site but not installed, we can give up to 25%. So, you could get up to 50% for items being paid for and on site. But you need to make sure that the inspector takes photos and notes that in comments.

## 13) Why doesn't the % with the inspector match the % that the draw department gives me.

- a. The inspector is our eyes and ears but like they say a photo is worth 1000 words. If the inspector says drywall is 100% complete but, in the bathroom, the backerboard is not up behind the tub then we are not going to give 100% drywall.

**Bottom line if you do not show a paid receipt, the items are not on site, or the work is not completed by the time the inspector comes to the house and takes pictures you will only get what percentage we can prove from the photos!**

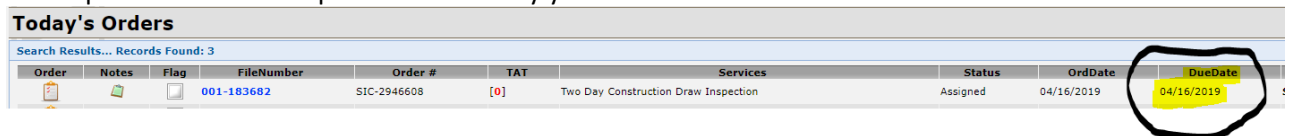
If your question was **not** answered email you question to [draws@cogocapital.com](mailto:draws@cogocapital.com).

# Q & A for Inspections

The Inspection is a report that is used to provide boots on the ground for our company to get a detailed and accurate description from photos of the repairs that have been completed.

- 1) **What is the procedure for contacting the inspector after I contact you to request an inspection for a draw?**
  - a. Only the draw specialist orders the inspection through the inspection website usually within a couple of hours of getting the request. Send the draw specialist a written request through an email with Last name, address of property or loan number and contact person with phone number to [draws@cogocapital.com](mailto:draws@cogocapital.com) The draw dept tries to reply back with a copy of the inspection order. **Note:** The inspection company that Lake City Servicing/Cogo Capital uses is back East and there is a 3-hour difference so any request after 2:00 p.m. pacific time will go on the next business days orders. Weekends don't count.

- 2) **What is the procedure for the actual appointment? What is the time frame that the inspector will come to the site?**
  - a. From the time the request is entered the 3<sup>rd</sup> party inspection company has 48 hours in (business days) from their date ordered to get a hold of you to set up an appointment for an inspect. If you have not been contacted by the inspector by 3:00 PM on Due Date (48 hrs.) after the initial order, make sure to contact the draw specialist to follow up and find out why you have not been contacted.



The screenshot shows a table titled "Today's Orders" with a search bar and "Records Found: 3". The table has columns: Order, Notes, Flag, FileNumber, Order #, TAT, Services, Status, OrdDate, and DueDate. A row is visible with FileNumber 001-183682, Order # SIC-2946608, TAT [0], Services Two Day Construction Draw Inspection, Status Assigned, OrdDate 04/16/2019, and DueDate 04/16/2019. The DueDate cell is circled in black.

Order	Notes	Flag	FileNumber	Order #	TAT	Services	Status	OrdDate	DueDate
			001-183682	SIC-2946608	[0]	Two Day Construction Draw Inspection	Assigned	04/16/2019	04/16/2019

- b. Cogo or Lake City Servicing has no responsibility of how long it takes you to have the inspector out to the site before you are ready for them to inspect. But know if it is more than a couple of days you could be charged an additional service charge.
- 3) **How long does it take to get the report back to draw specialist?**
  - a. The 3<sup>rd</sup> party inspection company tells us that they should have your report back to draw specialist within 48 hours after the inspector has been to the site. The inspector needs to compile the report then it goes through NVMS review process and if all requirements are met NVMS sends the report back to the draw specialist.
- 4) **What is the process after draw specialist gets the report back?**
  - a. The draw specialist takes the information from the inspection report and puts it into a spread sheet that they get from the software program that is used which is a check and balance process. The draw specialist makes sure that you have paid for enough draws, keeps track of what has been paid out and what is left in the escrow account. Then the draw specialist sends over to dept manager who puts a 2<sup>nd</sup> pair of eyes on things to make sure that what the draw specialist is seeing in the inspection reports correlates to the percentage that the inspector has in their report. If draw specialist feel that they are not accurate they adjust the percentages.
  - b. Inspector does not make the final determination of what will be disbursed. Draw specialist does.
- 5) **How do I know how much will be paid out? And when does Lake City Servicing (LSC) send the wires/ACH out?**
  - a. After LCS is satisfied that the paperwork is in order our dept manager will then send for approval with the lender. Once the lender gives the okay, the dept manager will let you know how much we can release. The dept manager will email you a *lien waiver* that needs to be signed by your contractor with the **exact** amount that our dept manager told you in the email that was sent.
  - b. After everything is signed Email that back to [draws@cogocapital.com](mailto:draws@cogocapital.com) by 11:00 a.m. so we can release the wire/ACH.

# Q & A for Inspections

- c. Everything that the draw specialist, dept manager and lender does needs to be done before 11:00 a.m. which is the cut off time for transfers to go out. The transfer is processed and then sent out of our office by 1:00 p.m. pacific time.
- d. This usually happens with in a 24 to 36-hour period. Sometimes goes into the 48<sup>th</sup> hour if we miss the 11:00 a.m. deadline or it's the weekend then it goes to next business day.

## 6) Who received the money once its released?

- a. Lake City Servicing only wires/ACH to **you** the client. LCS does not have anything to do with your contractor. That is up to you and your business. But just note that if you do not pay your contract they could put a mechanics lien on your home. Therefore, you would be in default and LCS will call the loan due.
- b. It is very important that all the info on the wire/ach transfer sheet be correct. Make sure to contact your bank/credit union for the correct wire/ACH routing number.

## 7. What will stop me from getting an inspection?

- a. Being late on your monthly loan payment or any loan that you are cosigned on
- b. Not having up to date insurance (home or flood) on property - expired
- c. Loan is Matured and there is no extension in place.

## 8. What happens if I order an inspection, but something comes up or I am not ready for the inspector?

- a. NVMS could charge you an additional \$45 service charge for prolonged rescheduling.
- b. Be mindful when ordering an inspection. You should be ready to have the inspection done within a 5-day period of ordering the inspection. If this cannot be accomplished, DON'T ORDER the inspection.













## FOLLOW-UP

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The training you have just received becomes infinitely more valuable if you choose to implement what you have just learned. With that in mind it is now time to create a road map for you to follow in the days and months to come. What steps do you need to take as you implement your training?

Spend a few moments to organize your thoughts then write down those things you need to start doing in response to the training you have just been through. Organize your action points into things you need to do immediately - as soon as you get home, things you need to get accomplished in the next month, and things you should accomplish in the next 90-days.

### ❖ Things to do as soon as I get home:

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## FOLLOW-UP

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### ❖ Things to do within the next month:

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### ❖ Things to do in the next 90-days:

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